

TRANSFER AGENT:

THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN



Annual Report

for the

Year Ended December 31

1942

COMMERCE

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McGILL UNIVERSITY

Government Taxes Charged Against Operations For the Year 1942

Federal Excise and Sales Taxes	\$ 2,085,251.45
Income and Excess Profits Taxes	1,107,621.27
	<u>\$ 3,192,872.72</u>

(These taxes do not include the revenue which the various Provincial Governments have derived from the sale of our products through their respective Liquor Control Boards.)

Officers

E. G. SICK	President
FRITZ SICK	Chairman of the Board
R. H. B. KER	Vice-President and Secretary
W. H. SHEPPARD	Vice-President
G. R. WHITMORE	Vice-President
J. G. WALFORD	Managing Director
R. J. CHISWICK	General Manager
I. N. WILSON	Treasurer and Assistant-Secretary

Directors

R. J. CHISWICK, Calgary, Alberta.	F. L. SHOULDICE, K.C., Calgary, Alberta.
LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec	EMIL G. SICK, Seattle, Washington.
WM. HUTTON, Regina, Saskatchewan.	FRITZ SICK, Vancouver, British Columbia.
R. H. B. KER, Victoria, British Columbia.	J. A. SWALWELL, Seattle, Washington.
GROUP CAPT. J. C. MALONE, K.C., Regina, Saskatchewan.	J. G. WALFORD, Calgary, Alberta.
C. E. MORRIS, Calgary, Alberta	RT. HON. WM. DUDLEY-WARD, P.C., Calgary, Alberta.
W. H. SHEPPARD, Edmonton, Alberta.	GEORGE R. WHITMORE, Regina, Saskatchewan.

Plants and Locations

WHOLLY OWNED SUBSIDIARIES

EDMONTON BREWERIES LIMITED	Edmonton, Alta.
LETHBRIDGE BREWERIES LIMITED	Lethbridge, Alta.
PRINCE ALBERT BREWERIES LIMITED	Prince Albert, Sask.
THE REGINA BREWING COMPANY, LIMITED	Regina, Sask.
CAPILANO BREWING COMPANY, LIMITED	Vancouver, B.C.

ASSOCIATED BREWERIES OF CANADA LIMITED

AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

Consolidated Profit and Loss Account

For the Year Ending December 31st, 1942

Net Operating Profits, before charging depreciation	\$ 1,708,234.78
<i>(A total of \$59,242.86, which includes salaries paid to brewery managers, was paid as salaries and remuneration to the executive officers and legal advisors of the Company.)</i>	
Revenue from Investments	86,026.66
Other Revenue	20,014.80
	1,814,276.24

Less:

Directors' Fees	\$ 7,000.00
Depreciation	172,166.55
Income Taxes	341,149.79
Excess Profits Taxes	766,471.48
Premium on Redemption of Preferred Shares	5,000.00
	1,291,787.82

Net Profits for the year, carried to Earned Surplus Account	\$ 522,488.42
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Consolidated Earned Surplus Account

December 31st, 1942

Balance, January 1st, 1942	\$ 1,387,885.67
Net Profits for the year, from Profit and Loss Account	522,488.42
	1,910,374.09

Less:

Four quarterly dividends, each of $1\frac{3}{4}$ per cent, on the Cumulative Preferred Shares	\$ 44,242.12
Three dividends of 25 cents per share, and one dividend of 50 cents per share, on the issued Common Shares of no par value	297,500.00
	341,742.12

Balance, carried to Balance Sheet	\$ 1,568,631.97
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OF CANADA LIMITED

ARY BREWING COMPANIES

, December 31st, 1942

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 54,707.93	
Income and Other Taxes	650,989.25	
		\$ 705,697.18

Deferred Liabilities	12,710.00
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Reserves:

For Premiums on Preferred Shares	26,124.85	
For Contingent Losses on Investments	307,799.19	
For Depreciation of Fixed Assets	1,957,153.91	
For Income and Other Taxes	45,910.95	
		2,336,988.90

Deferred Surplus:

Refundable Portion of Excess Profits Taxes	86,314.49
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Capital:

Preferred Shares — 7% Cumulative Redeemable Preferred Shares	613,900.00	
Common Shares—238,000 Common Shares of no par value	2,145,293.08	
		2,759,193.08

Earned Surplus	1,568,631.97
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Contingent Liabilities, \$33,745.34

\$ 7,469,535.62

Our report on the above Balance Sheet, dated February 13th, 1943, is attached hereto.

NASH & NASH,
Chartered Accountants.

ASSOCIATED BREWERIES

AND WHOLLY OWNED SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash on Hand and in Banks.....	\$ 740,789.47	
Accounts Receivable	62,544.62	
Inventories, at the lower of cost or market prices, as approved by the managements.....	636,051.35	
Dominion of Canada Bonds, at cost, (Market value, \$758,915.47)	757,630.47	
Life Insurance Policies, Cash Surrender Value	238,314.36	
		<u>\$ 2,435,330.27</u>

Investments:

Mortgages, Loans and Other Investments, at cost, including Investments in United States Brewing Companies	1,057,040.32	
Shares in, and Loans to, other non-brewing subsidiary companies	194,544.68	
		<u>1,251,585.00</u>

Preferred shares of Associated Breweries of Canada Limited, purchased for redemption	2,636.72	
Refundable portion of Excess Profits Taxes	86,314.49	
Deferred and Prepaid Charges	49,134.31	

Fixed Assets:

Lands, Buildings, Plants and Equipment, at the depreciated replacement valuation of the Canadian Appraisal Company at July 31st, 1928, with additions since that date at cost.....	3,644,534.83	
		<u>\$ 7,469,535.62</u>

Approved on behalf of the Board,

E. G. SICK	} Directors
J. G. WALFORD	

ASSOCIATED BREWERIES OF CANADA LIMITED

Auditors' Report

We have examined the books and accounts of Associated Breweries of Canada Limited for the year ending December 31st, 1942, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of Associated Breweries of Canada Limited and its constituent companies at December 31st, 1942, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent companies.

The dividend on the preferred shares, payable January 2nd, 1943, has been provided for in these accounts.

In accordance with Section 114 of the Dominion Companies Act, we report that dividends of \$7,850.00 were received from non-brewing subsidiary companies out of their accumulated surpluses, and that the payment of these dividends does not involve an impairment of capital; also that the operations of these non-brewing subsidiary companies resulted in total net profits to this Company of \$13,833.14, which have not been brought into the accounts of the Company.

Redemption of a further \$50,000.00 of cumulative redeemable preferred shares was effected during the year, in accordance with the letters patent of the Company, the reduction of capital resulting therefrom being subject to confirmation by supplementary letters patent.

February 13th, 1943.

NASH & NASH,
Chartered Accountants.

The total Liquid Assets stood at \$2,435,330.27 and Current Liabilities at \$705,697.18, leaving a Net Working Capital of \$1,729,633.09.

In accordance with the Company's Letters Patent, additional preferred shares to the par value of \$50,000.00 were called for redemption and cancelled.

Four regular quarterly dividends were paid on the 7% preference stock, whilst common stock dividends of \$1.25 per share were also disbursed. In view of existing conditions it was considered advisable to follow an even more conservative dividend policy.

Under Government regulations the Surplus accumulated prior to the year 1939 is not presently available for distribution.

We wish to again express our appreciation of the continued splendid co-operation of all our shareholders and customers during the past year.

We also desire to extend to our management and staff sincere thanks for their efficient and wholehearted service.

For the Board of Directors,

E. G. SICK,
President.

February 27th, 1943.
Calgary, Alberta.

ASSOCIATED BREWERIES OF CANADA LIMITED

Report of the Directors

For the Year ended December 31st, 1942

To the Shareholders:

There is submitted herewith the Fifteenth Annual Balance Sheet of Associated Breweries of Canada Limited and its wholly owned brewing subsidiaries as at December 31st, 1942, together with the related Income and Surplus Accounts for the year then ended; also the Auditors' report and certificate.

In accordance with our custom, all the properties and equipment of the Company have been maintained in an excellent state of repair, and adequate depreciation at the usual rates has been charged against the operating profits of the year.

Care has been exercised in the taking of all inventories which have been priced on the basis of cost or market, whichever proved to be the lower. The increase in total inventory values arises in no small measure from the higher excise tax on malt.

A net profit of \$522,488.42 has resulted from the operations of the combined Companies after charging all expenses, depreciation and taxes. The present Excise Profits Tax applied to only half of the year 1942: future provision will be higher when exacted on a full twelve months' operations. The refundable portion of the Excess Profits Tax, calculated at \$86,314.49, cannot be regarded as revenue available for distribution. The item is, however, shown on both sides of the balance sheet.

Total tax provisions for the past four years were as follows:

Year 1939	\$ 941,795.08
" 1940	1,654,060.10
" 1941	2,123,160.14
" 1942	3,192,872.72